

Message Text

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QUOTE C O N F I D E N T I A L USNATO 00353

E.O. 11652:GDS

TAGS: EGEN, NATO, GW,RO, EAID, EALR

SUBJECT: ECONADS: ECONOMIC ASPECTS OF SCHMIDT
BUCHAREST VISIT

1. AT JANUARY 12 ECONADS MEETING, FRG
REP (DAASE) REPORTED THAT DURING HIS JAN 6-7
VISIT TO ROMANIA, CHANCELLOR SCHMIDT DISCUSSED
ECONOMIC QUESTIONS WITH PRESIDENT CEAUSESCU WHILE
FRG SECRETARY OF STATE FOR ECONOMICS GRUNER HELD MORE
DETAILED EXCHANGES WITH VICE PREMIER PATAN AND OTHER
ROMANIAN OFFICIALS.

2. BOTH SIDES EXPRESSED SATISFACTION WITH
BILATERAL TRADE RELATIONS, BUT BECAUSE OF ITS
CONTINUED TRADE DEFICIT WITH FRG (ESTIMATED TO BE
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BETWEEN 400-500 MILLION DM IN 1977), ROMANIA
ADVOCATED COOPERATIVE PROJECTS TO HIKE ITS EXPORTS.
IN PARTICULAR, ROMANIANS WANTED TO KEEP OPEN
POSSIBILITY OF PRODUCING VFW-614 IN ROMANIA
FOR BOTH DOMESTIC AND THIRD COUNTRY MARKETS.
FRG REP COMMENTED PERSONALLY THAT IN SPITE OF THE
VAGUELY POSITIVE REFERENCE TO THE PLANE IN THE

JOINT COMMUNIQUE, HE THOUGHT THERE WAS NO CHANCE THAT PROPOSED JOINT PROJECT WOULD BE PURSUED SINCE ROMANIANS WERE UNABLE TO LINE UP SUFFICIENT NUMBER OF CUSTOMERS FOR PLANE BY DEC 77 DEADLINE. ROMANIANS ALSO FLOATED IDEA OF CONSTRUCTING A CANAL BETWEEN DANUBE AND BLACK SEA, BUT THE GERMANS CONSIDERED IDEA TOO VAGUE AND REACTED COOLLY.

3. FOR WHAT APPEARED TO BE ETHNO-POLITICAL REASONS, THE ROMANIANS ALSO PROPOSED A SECOND JOINT MACHINERY PRODUCTION ENTERPRISE IN TIMISOARA (WHERE THERE IS A SIGNIFICANT GERMAN-SPEAKING POPULATION).
4. FRG AND ROMANIA ARE NEARING CONCLUSION OF NEGOTIATIONS ON AN AGREEMENT FOR PROTECTION AND PROMOTION OF INVESTMENT. THE AGREEMENT, HOWEVER, IS STILL IN DRAFT. IN A RELATED MOVE, THE FRG EXPRESSED WILLINGNESS TO PROVIDE AN ADDITIONAL ONE-TIME GUARANTEE FOR 700 MILLION DM SUPPLIER CREDITS AND TIED INVESTMENT CREDITS FOR EXPORTS OF CAPITAL EQUIPMENT. THE GUARANTEE WOULD BE AVAILABLE UNTIL 1983.

5. SCHMIDT AND CEAUCESCU DISCUSSED NORTH/SOUTH AND NIEO ISSUES EXTENSIVELY. SCHMIDT POINTED OUT THAT NO COUNTRY - INCLUDING THOSE OF CEMA - COULD EXCLUDE ITSELF FROM PARTICIPATION IN
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AND RESPONSIBILITY FOR STABLE DEVELOPMENT OF THE WORLD ECONOMY. NORTH/SOUTH COOPERATION REQUIRED SOLIDARITY BETWEEN INDUSTRIALIZED AND DEVELOPING COUNTRIES, BUT THIS COULD NOT BE A ONE-WAY STREET, THE CHANCELLOR TOLD CEAUCESCU. GLITMAN.
UNQUOTE CHRISTOPHER

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